

## **ECONOMIC LOSS VALUATION FOR DOUGLAS HORN**

### Statement of Disinterest

1. The estimates contained herein are based on techniques generally accepted by the economics profession for the valuation of economic loss.
2. The fees charged for my services are not contingent upon the final award or outcome of this case.

A handwritten signature in black ink, appearing to read 'Mark P. Zaporowski', is written over a horizontal line.

Mark P. Zaporowski, Ph.D.  
Professor of  
Economics & Finance  
(716) 888-2679

August 17, 2020

## INTRODUCTION

This report projects economic losses for Douglas Horn who suffered lost compensation as a result of alleged deceptive business practices. Mr. Horn is married to Cindy Harp Horn. Mr. and Mrs. Horn were employed as team over-the-road commercial truck drivers for the Enterprise Products Company in 2012. Mr. Horn was terminated as a result of the alleged deceptive business practices of the defendants. Subsequent to his termination, Mr. Horn suffered lost wages and fringe benefits.

This report projects Mr. Horn's economic losses under the following alternative scenarios concerning the income he would have earned had he not been terminated from the Enterprise Products Company.

1. Mr. Horn's lost income as a truckdriver is based on the income he was earning at the Enterprise Products Company prior to his termination.
2. Mr. Horn's lost income as a truckdriver is based on a wage of \$120,000 beginning in 2013.

## ASSUMPTIONS - Scenario 1 (Table 1A & 2A)

1. Had it not been for the deceptive business practices of the defendants, Mr. Horn would have remained employed as an over-the-road commercial truck driver for the Enterprise Products Company.
2. Mr. Horn will remain employed as an over-the-road commercial truck driver through his statistical worklife expectancy. Mr. Horn's statistical worklife expectancy on August 1, 2020 was 9.73 years ["The Markov Process Model of Labor Force Activity: Extended Tables of Central Tendency, Shape, Percentile Points, and Bootstrap Standard Errors, G.R. Skoog, J.E. Ciecka and K.V. Krueger, *Journal of Forensic Economics*, 2011]. Mr. Horn exits the labor force 31 percent through the year 2030.
3. Had he remained employed at the Enterprise Products Company, Mr. Horn's income less his business expenses would have amounted to \$57,212 and \$69,196, respectively, over the period 2012-2013. Over the period 2014-2019, Mr. Horn's income less his business expenses would have grown by the rate of increase in the Employment Cost Index for wages and salaries of transportation and material moving workers [U.S. Department of Labor, Bureau of Labor Statistics website, [www.bls.gov](http://www.bls.gov)]. Subsequent to 2019, his income would have grown by 2.5 percent per year.
4. Over the period 2012-2019, Mr. Horn's income less his business expenses amounted to \$38,583, \$13,698, \$30,344, \$64,491, \$74,561, \$73,433, \$69,537, and \$65,258, respectively. Subsequent to 2019, his income less his business expenses will grow by 2.5 percent per year.

5. The Enterprise Products Company was providing the Horn's with family health insurance coverage valued at \$1,800 per month in 2012. The Horn's were contributing \$2,028 annually towards the cost of this coverage in 2012. Had they remained employed at the Enterprise Products Company, employer provided health benefits would have continued in the future. Subsequent to his termination from the Enterprise Products Company, Mr. Horn has not received employer provided health benefits. Mr. Horn's lost health benefits begin in January 2021 and are valued at \$10,275. The replacement cost of health benefits grows by 5 percent per year subsequent to 2021.

6. The Enterprise Products Company was contributing 2 percent of Mr. Horn's wages into his 401K plan. This benefit would have continued in the future. Since his termination, Mr. Horn has not received employer provided pension contributions.

7. Nominal discount rates on zero coupon U.S. Treasury securities that match the maturity of the cash flows were used to reduce future lost compensation to present value [Quandl website, July 31, 2020, [www.quandl.com](http://www.quandl.com)].

8. U.S. Treasury securities yields on the last day of each year from 2012 to 2019 have been selected to compute interest on past losses [U.S. Treasury website, Daily Treasury Yield Curve Rates, [www.treasury.gov](http://www.treasury.gov)].

## **CONCLUSIONS – Scenario 1 (Table 1A & 2A)**

Past lost compensation amounts to \$186,948.

Interest on past lost compensation amounts to \$13,863.

The present value of future lost compensation amounts to \$340,889.

**The present value of total economic damages amounts to \$541,700.**

**ASSUMPTIONS - Scenario 2 (Tables 1B & 2B)**

1. Had it not been for the deceptive business practices of the defendants, Mr. Horn would have remained employed as an over-the-road commercial truck driver for the Enterprise Products Company. Beginning in 2013, he would have begun hauling crude oil at an annual salary of \$120,000.
2. Mr. Horn will remain employed as an over-the-road commercial truck driver through his statistical worklife expectancy. Mr. Horn's statistical worklife expectancy on August 1, 2020 was 9.73 years ["The Markov Process Model of Labor Force Activity: Extended Tables of Central Tendency, Shape, Percentile Points, and Bootstrap Standard Errors, G.R. Skoog, J.E. Ciecka and K.V. Krueger, *Journal of Forensic Economics*, 2011]. Mr. Horn exits the labor force 31 percent through the year 2030.
3. Had he not been terminated from the Enterprise Products Company, Mr. Horn's income less his business expenses would have amounted to \$57,212 in 2012. In 2013, Mr. Horn's income less his business expenses would have amounted to \$115,296. Over the period 2014-2019, Mr. Horn's income less his business expenses would have grown by the rate of increase in the Employment Cost Index for wages and salaries of transportation and material moving workers [U.S. Department of Labor, Bureau of Labor Statistics website, [www.bls.gov](http://www.bls.gov)]. Subsequent to 2019, his income less his business expenses would have grown by 2.5 percent per year.
4. Over the period 2012-2019, Mr. Horn's income less his business expenses amounted to \$38,583, \$13,698, \$30,344, \$64,491, \$74,561, \$73,433, \$69,537, and \$65,258, respectively. Subsequent to 2019, his income less his business expenses will grow by 2.5 percent per year.
5. The Enterprise Products Company was providing the Horn's with family health insurance coverage valued at \$1,800 per month in 2012. The Horn's were contributing \$2,028 annually towards the cost of this coverage in 2012. Had they remained employed at the Enterprise Products Company, employer provided health benefits would have continued in the future. Subsequent to his termination from the Enterprise Products Company, Mr. Horn has not received employer provided health benefits. Mr. Horn's lost health benefits begin in January 2021 and are valued at \$10,275. The replacement cost of health benefits grows by 5 percent per year subsequent to 2021.
6. The Enterprise Products Company was contributing 2 percent of the Mr. Horn's wages into his 401K plan. This benefit would have continued in the future. Since his termination, Mr. Horn has not received employer provided pension contributions.
7. Nominal discount rates on zero coupon U.S. Treasury securities that match the maturity of the cash flows were used to reduce future lost compensation to present value [Quandl website, July 31, 2020, [www.quandl.com](http://www.quandl.com)].
8. U.S. Treasury securities yields on the last day of each year have been selected to compute interest on past losses [U.S. Treasury website, Daily Treasury Yield Curve Rates, [www.treasury.gov](http://www.treasury.gov)].

## **CONCLUSIONS – Scenario 2 (Table 1B & 2B)**

Past lost compensation amounts to \$604,109.

Interest on past lost compensation amounts to \$36,851.

The present value of future lost compensation amounts to \$947,938.

**The present value of total economic damages amounts to \$1,588,898.**

To project Mr. Horn's economic loss, I relied on the following information:

1. Mr. and Mrs. Horn's federal tax returns and W-2 statements 2009-2019.
2. Mr. and Mrs. Horn's social security earnings statements.
3. Mr. and Mrs. Horn's paystubs.
4. Enterprise 401K statement for Douglas Horn.
5. U.S. Department of Labor website, [www.bls.gov](http://www.bls.gov).
6. Quandl website, [www.quandl.com](http://www.quandl.com).
7. "The Markov Process Model of Labor Force Activity: Extended Tables of Central Tendency, Shape, Percentile Points, and Bootstrap Standard Errors, G.R. Skoog, J.E. Ciecka and K.V. Krueger, *Journal of Forensic Economics*, 2011.
8. *United States Life Tables 2017*, U.S. Department of Health and Human Services, Centers for Disease Control and Prevention.
9. U.S. Treasury website, [www.treasury.gov](http://www.treasury.gov).

I bill at a rate of \$300 per hour for my services.

I reserve the right to revise this report should new information become available.

TABLE 1

## PRESENT VALUE OF LOST COMPENSATION FOR DOUGLAS HORN

YEAR	AGE	NO SEPARATION		LOST		LOST		LOST	PRESENT
		INCOME	INCOME	INCOME	HEALTH BENEFITS	CONTRIBUTIONS	EMPLOYER PENSION		
2012	47	\$57,212	\$38,583	\$18,629			\$373	\$19,001	
2013	48	\$69,196	\$13,698	\$56,498			\$1,384	\$56,882	
2014	49	\$70,787	\$30,344	\$40,444			\$1,416	\$41,860	
2015	50	\$72,416	\$64,491	\$7,925			\$1,448	\$9,373	
2016	51	\$74,588	\$74,561	\$27			\$1,492	\$1,519	
2017	52	\$77,273	\$73,433	\$3,840			\$1,545	\$5,386	
2018	53	\$80,210	\$69,537	\$10,673			\$1,604	\$12,277	
2019	54	\$83,659	\$65,258	\$18,401			\$1,673	\$20,074	
2020	55	\$87,005	\$67,868	\$19,137			\$1,740	\$20,877	
2021	56	\$52,022	\$40,579	\$11,442			\$1,040	\$12,483	
TOTAL PAST		\$724,366	\$538,350	\$186,016			\$13,716	\$199,732	
2021	56	\$37,158	\$28,985	\$8,173			\$743	\$13,198	
2022	57	\$91,409	\$71,304	\$20,106			\$1,828	\$32,723	
2023	58	\$93,695	\$73,086	\$20,609			\$1,874	\$33,811	
2024	59	\$96,037	\$74,913	\$21,124			\$1,921	\$34,939	
2025	60	\$98,438	\$76,786	\$21,652			\$1,969	\$36,110	
2026	61	\$100,899	\$78,706	\$22,193			\$2,018	\$37,325	
2027	62	\$103,421	\$80,673	\$22,748			\$2,068	\$38,586	
2028	63	\$106,007	\$82,690	\$23,317			\$2,120	\$39,895	
2029	64	\$108,657	\$84,758	\$23,900			\$2,173	\$41,254	
2030	65	\$34,526	\$26,932	\$7,594			\$691	\$24,225	
TOTAL FUTURE		\$870,248	\$678,834	\$191,415	\$123,248		\$17,405	\$332,067	\$316,793
TOTAL PAST & FUTURE		\$1,594,614	\$1,217,184	\$377,431	\$123,248		\$31,121	\$531,799	\$516,525

\*Computed for 22% of the year.

\*\*Computed for 7 months.

\*\*\*Computed for 5 months.

\*\*\*\*Computed for 31% of the year.

**TABLE 2****INTEREST ON PAST LOST COMPENSATION**

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<b>YEAR</b>	<b>PAST LOST COMPENSATION</b>	<b>INTEREST</b>
2012	\$19,001	\$1,924
2013	\$56,882	\$10,564
2014	\$41,860	\$5,426
2015	\$9,373	\$921
2016	\$1,519	\$134
2017	\$5,386	\$382
2018	\$12,277	\$779
2019	\$20,074	\$504
2020	\$20,877	\$12
2021	\$12,483	
<b>TOTAL PAST</b>		<b>\$20,646</b>

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